Got $3,000? 2 High-Yield COVID Recovery Stocks to Buy Right Now

Description

If you've got an extra $3,000 sitting around, now is as good a time as any to invest it, while COVID-hit value stocks are still abundant. Once this horrific pandemic finally ends, I think we'll witness a massive growth-to-value rotation like the one experienced the day **Pfizer** pulled the curtain on its effective vaccine breakthrough.

If you're light on value stocks that could stand to bounce in a post-COVID world, check out shares of **Bank of Montreal** (TSX:BMO)(NYSE:BMO) and **SmartCentres REIT** (TSX:SRU.UN), two securities that I've been aggressively buying following the February-March pullback.

Bank of Montreal

Bank of Montreal got dinged when it went into the pandemic with one of the least favourable loan mixes of its Big Six peers. BMO shed nearly half of its value in a matter of weeks, as if it were some low-quality regional bank that was due to see its historic dividend streak come to an end. Despite BMO's ridiculously long history of managing through crises, the Dividend Aristocrat didn't get much respect when panic gripped the market.

Sure, the firm helped itself to a larger slice of oil and gas loans, but I never saw the bank as being in trouble, as its capital ratio remained quite robust through the worst of the crisis. With effective vaccines that could be widely available next year, BMO has already begun to rebound. The stock no longer trades at a discount to its book value, but given the recovery trajectory that lies ahead, I'd say it's still worthwhile to load up on shares before Big Blue has a chance to prove its doubters wrong.

BMO is one of the bluest blue chips out there, with what I think is one of the more favourable risk/reward tradeoffs out there.

SmartCentres REIT

Like BMO, SmartCentres was a name that almost seemed uninvestable when pessimism was at its peak in those ominous March 2020 depths. The “death-of-the-shopping-mall” thesis was already widely subscribed to before the pandemic. Coronavirus lockdowns just served to make a tough situation that much more dire.

For investors who were willing to look under the hood, it should have become more apparent that SmartCentres was one of the retail REITs that was likely to survive the crisis with its distribution intact. The REIT wasn’t just another mall play that would serve up its shareholders with a significant distribution reduction. The REIT housed many essential retailers, including the likes of **Wal-Mart**, which played a major role in keeping SmartCentres’s funds from operations above water amid coronavirus lockdowns.

Smart looks poised to hold its own as the second wave worsens, as it did during the first COVID-19 wave. And if a vaccine eliminates the insidious coronavirus by mid-next year, I have a feeling that SmartCentres REIT will be back above its January 2020 highs by the end of 2021. A majority of SmartCentres’s essential tenants are far too resilient to miss a month’s rent. Once rent collection is back at normalized levels, SmartCentres, I believe, is capable of correcting sharply to the upside.

CATEGORY

1. Coronavirus
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TICKERS GLOBAL

1. NYSE:BMO (Bank of Montreal)
2. TSX:BMO (Bank Of Montreal)
3. TSX:SRU.UN (SmartCentres Real Estate Investment Trust)

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